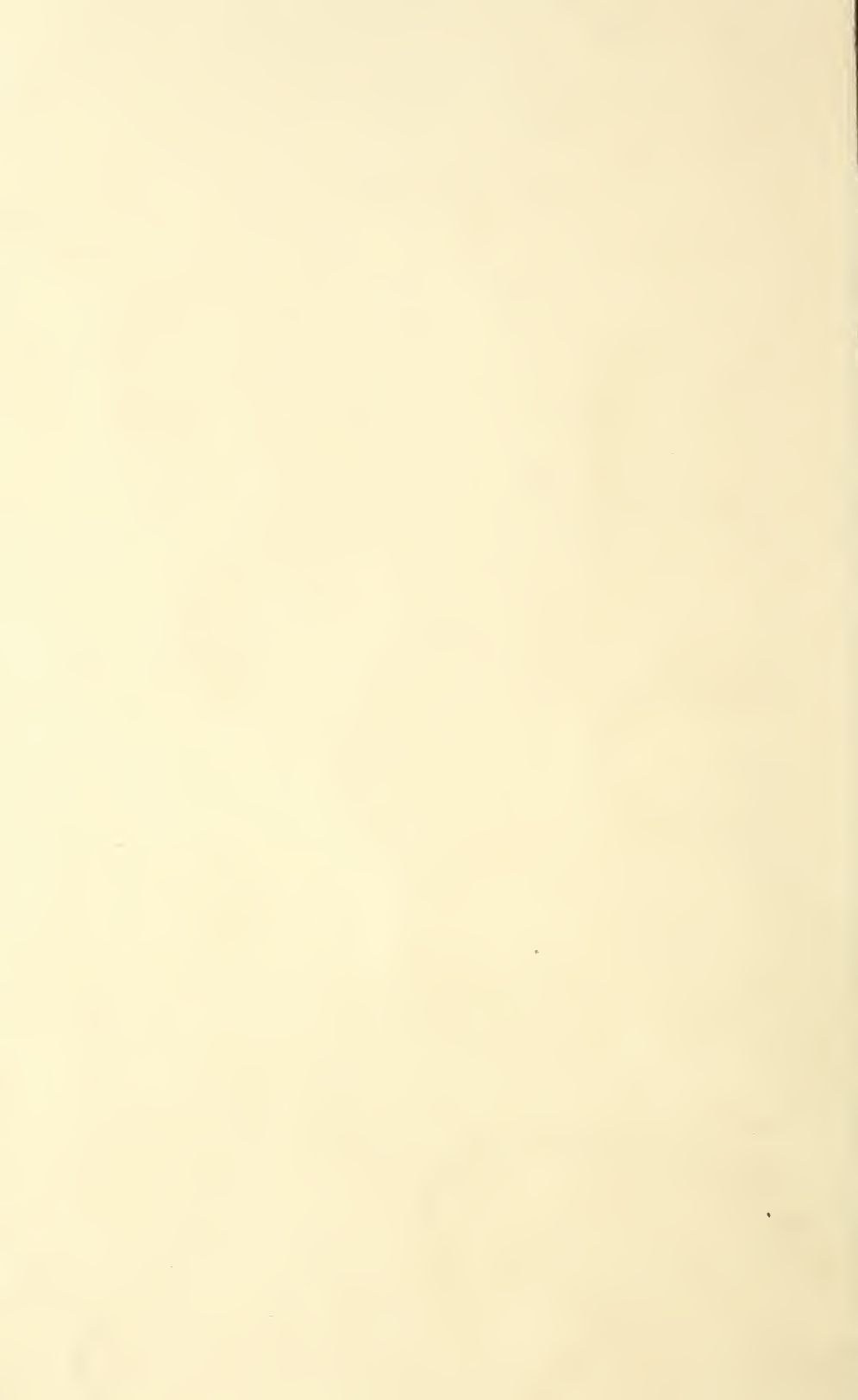


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United States Department of Agriculture,  
OFFICE OF THE SECRETARY—Circular No. 137

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**REGULATIONS**

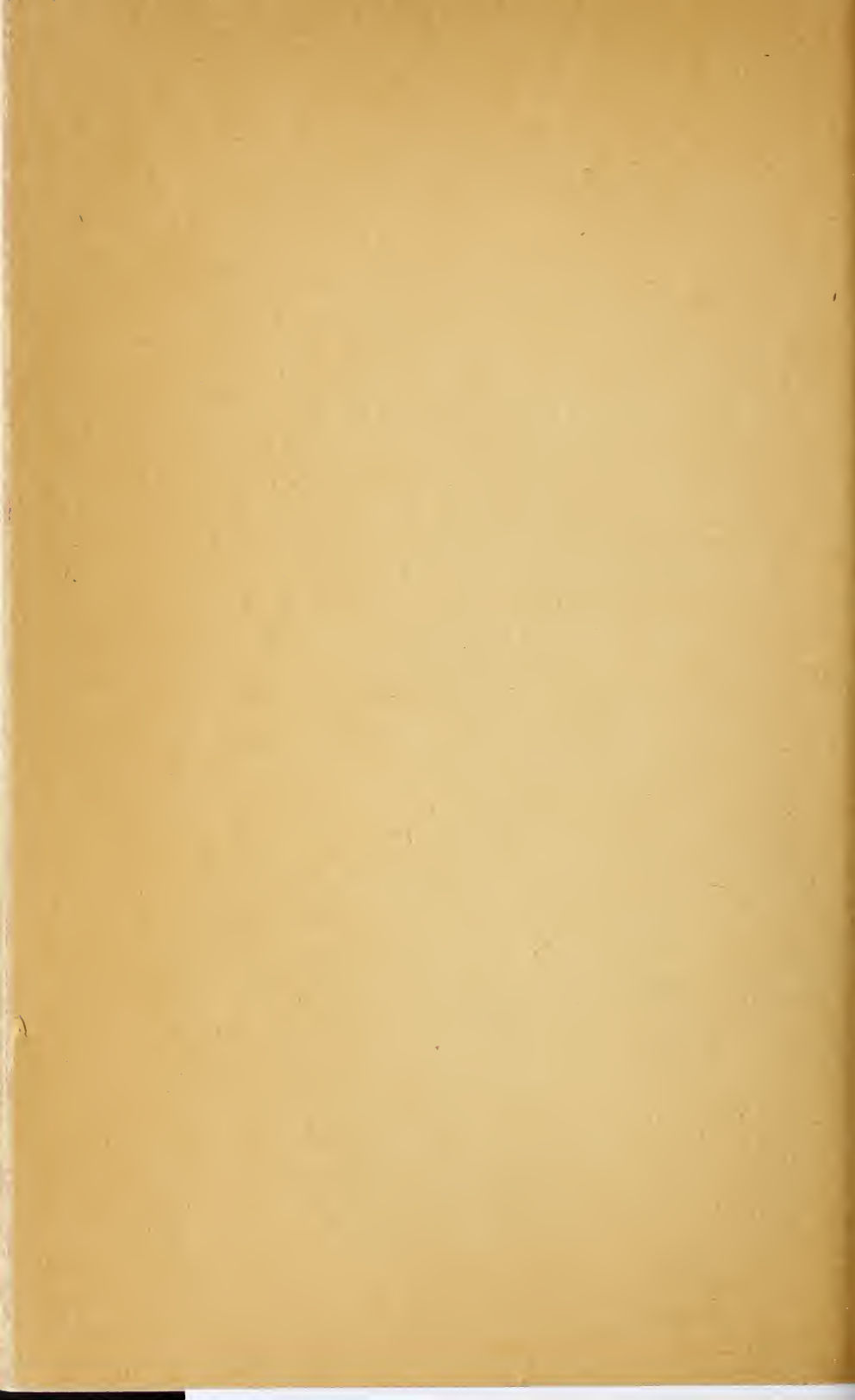
OF THE SECRETARY OF AGRICULTURE UNDER  
SECTION 5 OF THE

**UNITED STATES COTTON FUTURES ACT  
AS AMENDED MARCH 4, 1919.**

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Issued May 22, 1919

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REGULATIONS

OF THE SECRETARY OF AGRICULTURE UNDER  
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Issued May 22, 1919

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## LETTER OF TRANSMITTAL.

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UNITED STATES DEPARTMENT OF AGRICULTURE,  
BUREAU OF MARKETS,

*Washington, D. C., May 20, 1919.*

HON. DAVID F. HOUSTON,  
*Secretary of Agriculture.*

SIR:

I have the honor to transmit herewith a draft of regulations to be prescribed by the Secretary of Agriculture under Section 5 of the United States cotton futures Act of August 11, 1916 (39 Statutes at Large, page 476) as amended by the Act of March 4, 1919 (Public No. 348). It is recommended that these regulations be prescribed and published as your regulations, pursuant to the authority conferred on you by said Section 5, to be in force and effect immediately and until amended or superseded by regulations hereafter made by the Secretary of Agriculture under said Act

Very respectfully,

CHARLES J. BRAND,  
*Chief of Bureau.*

Approved:

WM. M. WILLIAMS,  
*Solicitor.*

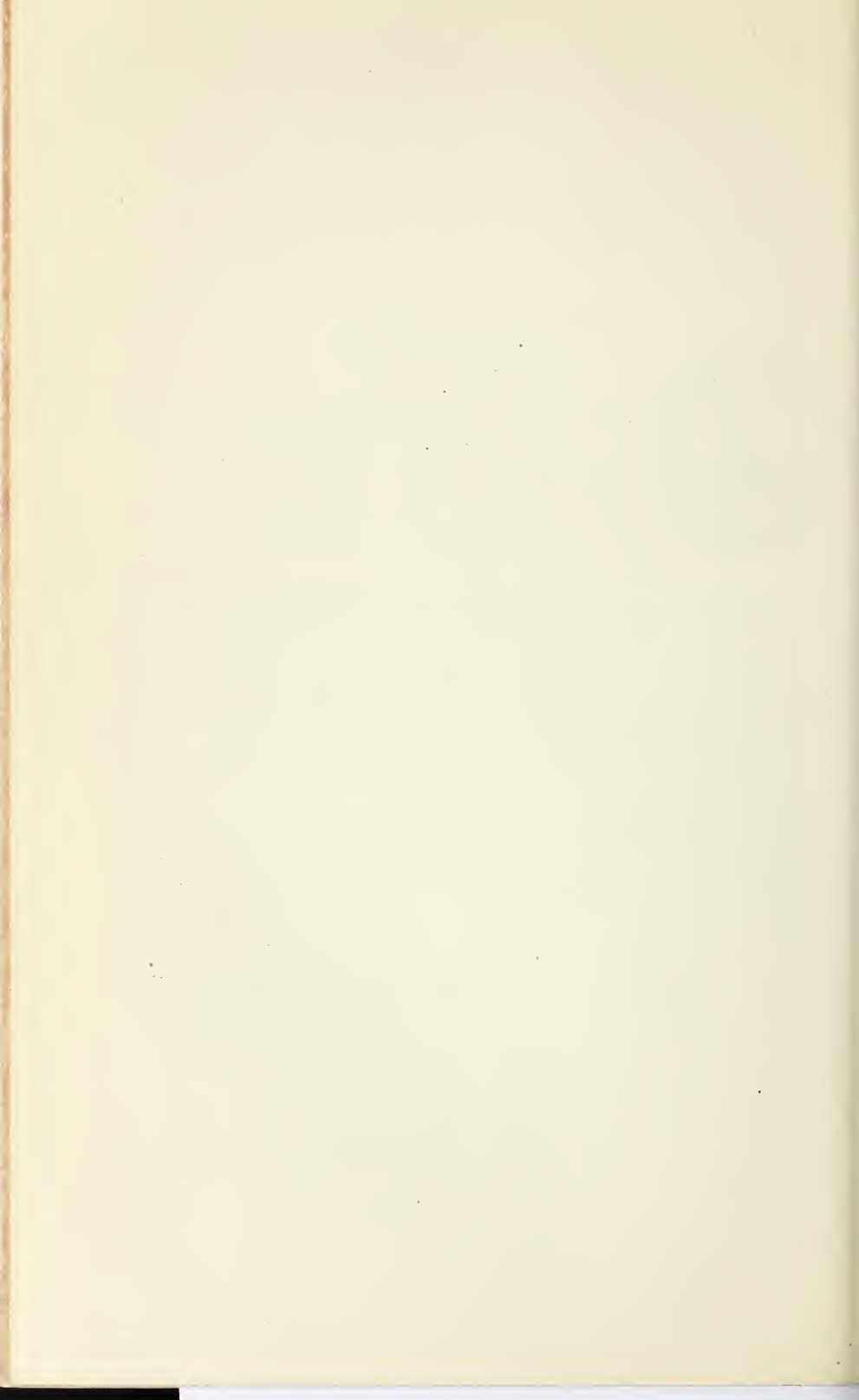


DEPARTMENT OF AGRICULTURE,  
WASHINGTON.

By virtue of the authority vested in the Secretary of Agriculture by Section 5 of the United States cotton futures Act of August 11, 1916 (39 Statutes at Large, page 476), as amended by the Act of March 4, 1919 (Public No. 348), I, David F. Houston, Secretary of Agriculture, do prescribe, publish, and give public notice of, the following regulations to be in force and effect immediately and until amended or superseded by regulations hereafter made by the Secretary of Agriculture under said Act.

In testimony whereof I have hereunto set my hand and caused the official seal of the Department of Agriculture to be affixed in the District of Columbia this 20th day of May, nineteen hundred and nineteen.

*D. F. Houston*  
Secretary of Agriculture.



REGULATIONS UNDER SECTION 5 OF THE UNITED  
STATES COTTON FUTURES ACT AS AMENDED  
MARCH 4, 1919.

Regulation 1. Definitions.

SECTION 1.—Words used in these regulations in the singular form shall be deemed to import the plural, and vice versa, as the case may demand.

SEC. 2.—As used throughout these regulations, unless the context otherwise require, the following terms shall be construed, respectively, to mean—

PARAGRAPH 1. *The Act*.—The United States cotton futures Act, approved August 11, 1916 (39 Statutes at Large, page 476).

PARAGRAPH 2. *Exchange*.—Exchange, board of trade, or similar institution or place of business, at, on, or in which a section 5 contract may be made.

PARAGRAPH 3. *Section 5 contract*.—Contract of sale of cotton for future delivery, mentioned in the Act, made at, on, or in any exchange in compliance with section 5 of the Act, as amended March 4, 1919.

PARAGRAPH 4. *Person*.—Individual, association, partnership, or corporation.

PARAGRAPH 5. *Owner*.—Person who owns, controls, or has the disposition.

PARAGRAPH 6. *Bureau of Markets*.—Bureau of Markets of the United States Department of Agriculture.

PARAGRAPH 7. *Exchange inspection bureau*.—The inspection bureau of the New York Cotton Exchange, or of the New Orleans Cotton Exchange, or of any other exchange which may have an organized inspection bureau recognized as such by the Chief of the Bureau of Markets, as the case may be.

## Regulation 2. General.

SECTION 1. The inspection, sampling, and classification of cotton pursuant to section 5 of the Act, as amended shall be performed as prescribed in these regulations. All tenders of cotton and settlements therefor under section 5 contracts shall be made subject to these regulations. No contract shall for the purposes of these regulations be deemed to comply with section 5 of the Act as amended if it contain or incorporate therein by reference or otherwise any provision or any by-law, rule or custom of an exchange which is inconsistent or in conflict with any requirement of said section 5, nor if the parties enter into any collateral or additional agreement or understanding, either verbal or written, respecting the subject matter of such contract which is inconsistent or in conflict with any requirement of said section 5.

SEC. 2. Nothing in these regulations shall be construed as relieving any party to a section 5 contract of any obligation imposed upon him, or as depriving him of any right to which he may be entitled, under any provision of the contract or exchange rule made a part thereof, which shall not be inconsistent with the Act as amended or the regulations made under the Act.

SEC. 3. Any amendment to these regulations, unless otherwise stated therein, shall apply to all tenders of cotton and settlements therefor made on and after the effective date of such amendment, under section 5 contracts entered into prior, as well as subsequent, to such effective date.

SEC. 4. Publications under the Act and these regulations may be made in service and regulatory announcements of the Bureau of Markets and by such other means as the Chief of the Bureau of Markets shall from time to time designate for the purpose.

## Regulation 3. Administration.

SECTION 1. The Chief of the Bureau of Markets is charged with the supervision on behalf of the United

States Department of Agriculture of the performance of all duties arising in the administration of the United States cotton futures Act.

SEC. 2. There shall be located at New York, N. Y., at New Orleans, La., and, when necessary in the opinion of the Chief of the Bureau of Markets, at any other point that he shall designate for the purpose, a board of cotton examiners. The members of such boards and the chairman of each shall be designated for the purpose by the Chief of the Bureau of Markets.

SEC. 3. The Chief of the Bureau of Markets whenever he deems necessary may designate an official or employee of the Department of Agriculture as supervisor of cotton inspection, who shall supervise the inspection and sampling, and the preparation of samples of, cotton, for classification by a board of cotton examiners, and perform such other duties as may be required of him, for the purposes of these regulations.

SEC. 4. Subject to these regulations and the instructions of the Chief of the Bureau of Markets, the chairman of each board of cotton examiners shall be responsible for the proper performance of the duties imposed on such board and on the persons connected therewith.

#### Regulation 4. Classification Requests.

SECTION 1. For each lot or mark of cotton which the applicant desires classified separately he shall make a separate written request in a form prescribed or supplied by the Bureau of Markets for that purpose.

SEC. 2. Such classification request shall include the name of the exchange under the rules of which it is contemplated that delivery of such cotton may be made, and the lot number, if any, the marks, the number of bales, the location, and the name of the owner, of the cotton, for whose account the classification is requested. It shall be signed by such owner or in his behalf by his agent. Such agent may, if authorized for the purpose, be the inspector-in-chief of the exchange inspection bureau by which the cotton is inspected and sampled.

SEC. 3. Such classification request, unless otherwise directed by the Chief of the Bureau of Markets, shall be filed with the board of cotton examiners at the place where the exchange is located under the rules of which it is contemplated that delivery of the cotton may be made. It shall be so filed before the inspection and sampling of the cotton shall be performed, except that, if the identity of the particular bales to be submitted for classification may not be determined until the inspection thereof, the classification request shall be filed as soon as the inspection and sampling shall be completed and before the delivery of the samples as required by these regulations. In such case the inspection and sampling shall not be performed until advance notice thereof shall have been given to the board or the officer with whom the classification request is required to be filed.

SEC. 4. Any classification request may be withdrawn by the applicant at any time before the classification of the cotton covered thereby, subject to the payment of such fees, if any, as may be prescribed pursuant to regulation 12. Any classification request may be rejected for non-compliance with the Act or these regulations.

### Regulation 5. Inspection and Samples.

SECTION 1. The inspection and sampling and the preparation of samples of cotton of which classification is desired shall be subject to the supervision and in accordance with the instructions of a supervisor of cotton inspection or a cotton examiner, whose duties include such supervision.

SEC. 2. The owner of the cotton shall cause the cotton to be made available to such supervisor or cotton examiner for such examination as may be necessary for the purposes of its classification, and shall take such steps as may be necessary to secure its proper inspection and sampling and the proper preparation and delivery of representative samples thereof at the place designated therefor, in accordance with these regulations, without expense to the Department of Agriculture.

SEC. 3. No person shall after notice to the interested parties be employed in any way in connection with any phase of the inspection and sampling of cotton, or the preparation of the samples thereof, for the purposes of classification under these regulations, who for good cause is disapproved by the Chief of the Bureau of Markets.

SEC. 4. No cotton covered by a classification request filed as provided in these regulations shall be rejected by any person other than a cotton examiner, on account of grade or staple or otherwise, unless the request for the classification of the cotton so rejected shall be withdrawn by the person by whom it was made.

SEC. 5. One sample shall be drawn from the top side of each bale and one from the bottom side. Each such sample shall weigh not less than four ounces, the two samples from each bale to weigh together as nearly as possible eight ounces. The head of the bale shall be properly inspected and any conditions not fully indicated by the samples shall be specified by the inspector or the sampler of the cotton in a written memorandum which shall accompany the samples to the board of cotton examiners.

SEC. 6. The samples from each bale shall be prepared as specified in this section. The sample from the top side and the sample from the bottom side shall each be broken in halves across the layers, without separating the layers. One half of the sample from the top side shall be placed with a half of the sample from the bottom side, making two sets of samples from each bale. There shall be placed in each such set of samples between the two sides thereof a coupon showing the number of the tag attached to the bale from which such samples were drawn. One of the two sets of samples from each bale shall be called the original and the other the duplicate.

SEC. 7. The original sets of samples of the bales constituting a lot or mark to be classified separately shall be inclosed in one or more wrappers or containers as the case may require. The wrappers or containers of original samples shall be so labeled or marked or both as to show

that they contain original samples, together with the lot number, if any, the marks, and the number of bales, and such other information as may be necessary in accordance with the instructions of the chairman of the board to which the samples are to be delivered or the Chief of the Bureau of Markets.

SEC. 8. The duplicate sets of samples shall be inclosed in wrappers or containers separate and apart from the original sets, in the manner prescribed for original samples in the foregoing section, except that the wrappers or containers shall be labeled or marked, or both, so as to show that they contain duplicate samples.

SEC. 9. The original and the duplicate samples shall be delivered to the board of cotton examiners with which the classification request was filed, at its classification room, or shall be delivered at such other place as may be designated for the purpose by the chairman of the board or the Chief of the Bureau of Markets. No samples covered by pending classification requests which are ready for delivery as provided herein shall be withheld from such delivery except pursuant to the written request of such chairman or the Chief of the Bureau of Markets.

SEC. 10. In addition to the samples hereinbefore prescribed, separate samples, if desired, may be drawn and furnished to the owner of the cotton.

SEC. 11. All persons in any way connected with the inspection and sampling and handling of samples of cotton for the purpose of classification pursuant to these regulations shall carefully handle them in such manner as not to cause loss of sand therefrom or any change otherwise in their representative character.

SEC. 12. Any sample or set of samples which does not meet the requirements of these regulations or which does not correctly represent the bale or bales from which drawn may be rejected by a supervisor of cotton inspection or a cotton examiner, whose duties include the supervision or examination of such cotton. Whenever the

supervisor of cotton inspection or the chairman of the board shall find it necessary in order to determine the true classification of any bale, such bale shall be re-inspected, and if necessary re-sampled, and the new samples shall be delivered at the place designated therefor in accordance with these regulations.

SEC. 13. Original samples may be removed by the holder of the cotton class certificate covering the same, at any time within two calendar weeks after the date of such certificate. If a review of the classification shown by such certificate has not been asked for or completed and the removal takes place within the time allowed for making application for review, or before the completion of a review if asked for, such removal shall be deemed to be a waiver, by the holder of the certificate, of his right to have a review.

SEC. 14. Duplicate samples may be removed by the holder of the cotton class certificate covering the same, at any time within two calendar weeks after such certificate becomes invalid as provided in section 8 of regulation 7, or after the surrender to the board for cancellation of the certificate covering the cotton represented thereby without the issuance of a new certificate in lieu thereof.

SEC. 15. In case a classification request shall be withdrawn prior to the classification of the cotton pursuant thereto, the applicant may, within two calendar weeks after the date of such withdrawal, remove any samples of the cotton involved then in the possession of the Department of Agriculture.

SEC. 16. Samples not removed in accordance with this regulation shall be disposed of in accordance with section 8 of regulation 12.

#### Regulation 6. Classification.

SECTION 1. For the purposes of section 5 of the Act as amended, the classification of any cotton shall be determined only by cotton examiners designated as such by the Chief of the Bureau of Markets.

SEC. 2. All cotton for which classification requests shall be pending shall be classified as far as practicable in the order in which proper samples thereof, ready for such classification, shall have been delivered to the board of cotton examiners whose duties include the examination thereof, except as otherwise provided in these regulations or when the chairman of the board or the Chief of the Bureau of Markets shall find that an emergency exists and shall order otherwise.

SEC. 3. Such classification shall not proceed until the samples, after being delivered to the board, shall have been exposed for such length of time as in the judgment of the chairman shall be sufficient to put them in proper condition for the purpose.

SEC. 4. Such classification shall proceed as rapidly as possible, but not when light or other conditions make uncertain the accuracy of the results to be obtained.

SEC. 5. In case a sample drawn from one portion of a bale is lower in class than one drawn from another portion of such bale, except as otherwise provided in these regulations, the classification of the bale shall be that of the sample showing the lower class.

SEC. 6. All cotton whether tenderable or untenderable shall be classified on the basis of the official cotton standards of the United States in effect at the time of such classification.

SEC. 7. If cotton be reduced in value, by reason of the presence of extraneous matter of any character or irregularities or defects, below its grade according to the official cotton standards of the United States, the grade to the value of which it is so reduced, and the quality or condition which so reduces its value, shall be determined and stated.

SEC. 8. For the purposes of classification the following terms shall be construed, respectively, to mean—

(a) *Cotton of perished staple*—Cotton that has had the strength of fiber as ordinarily found in cotton destroyed

or unduly reduced through exposure to the weather either before picking or after baling, or through heating by fire, or on account of water packing, or by other causes.

(b) *Cotton of immature staple*.—Cotton that has been picked and baled before the fiber has reached a normal state of maturity, resulting in a weakened staple of inferior value.

(c) *Gin cut cotton*.—Cotton that shows damage in ginning, through cutting by the saws, to an extent that reduces its value more than two grades.

(d) *Reginned cotton*.—Cotton that has passed through the ginning process more than once, and cotton that, after having been ginned, has been subjected to a cleaning process and then baled.

(e) *Repacked cotton*.—Cotton that is composed of factors', brokers', or other samples, or of loose or miscellaneous lots collected and rebaled.

(f) *False packed cotton*.—Cotton in a bale (1) containing substances entirely foreign to cotton, (2) containing damaged cotton in the interior with or without any indication of such damage upon the exterior, (3) composed of good cotton upon the exterior and decidedly inferior cotton in the interior, in such manner as not to be detected by customary examination, that is, a plated bale, or (4) containing pickings or linters worked into the bale.

(g) *Mixed packed cotton*.—Cotton in a bale which shows a difference of more than two grades between samples drawn from the heads and the top and bottom sides of the bale, or which shows a difference in color exceeding two grades between such samples.

(h) *Water-packed cotton*.—Cotton in a bale that has been penetrated by water during the baling process, causing damage to the fiber, or a bale that through exposure to the weather or by other means, while apparently dry on the exterior, has been damaged by water in the interior.

#### Regulation 7. Cotton Class Certificates.

SECTION 1. As soon as practicable after the classification of cotton has been completed by a board of cotton examiners it shall issue cotton class certificates showing

the results of such classification. Each certificate shall bear the date of its issuance and shall be signed by the chairman of the board that classified the cotton. The certificate shall show the identification of the cotton according to the information in the possession of the board, the classification of the cotton according to its grade and length of staple, and such other facts as the Chief of the Bureau of Markets shall require.

SEC. 2. For each lot of cotton classified by the board as tenderable in whole or in part on a section 5 contract it shall issue a separate certificate which shall be distinctly different in color from one for cotton found to be untenderable on such contract. Such certificates shall be consecutively numbered in separate series for each exchange. They shall show only cotton classified according to the grades specified in this section which is seven-eighths of an inch or more in length of staple:

| <i>White</i>         | <i>Yellow tinged</i> | <i>Yellow stained</i> |
|----------------------|----------------------|-----------------------|
| Middling fair        | Good middling        | Good middling         |
| Strict good middling | Strict middling      |                       |
| Good middling        |                      |                       |
| Strict middling      |                      |                       |
| Middling             |                      |                       |
| Strict low middling  |                      |                       |
| Low middling         |                      |                       |

SEC. 3. For each lot of cotton classified by the board as untenderable in whole or in part on a section 5 contract it shall issue a separate certificate which shall be distinctly different in color from one for cotton found to be tenderable on such contract. Such certificates shall be consecutively numbered in separate series for each exchange. They shall show all cotton classified according to the grades specified in this section, or which is less than seven-eighths of an inch in length of staple, or which is otherwise declared to be undeliverable by the fifth subdivision of section 5 of the Act as amended:

| <i>White</i>         | <i>Yellow tinged</i> | <i>Yellow stained</i> | <i>Blue stained</i> |
|----------------------|----------------------|-----------------------|---------------------|
| Strict good ordinary | Middling             | Strict middling       | Good middling       |
| Good ordinary        | Strict low middling  | Middling              | Strict middling     |
|                      | Low middling         |                       | Middling            |

SEC. 4. Upon the written request of the holder of a cotton class certificate issued under these regulations a new certificate shall be issued, without the reclassification of the cotton, to take the place of the former certificate for any cotton covered thereby, when necessary on account of the breaking or splitting of a lot or otherwise for the business convenience of such holder. In such case the former certificate shall be surrendered for cancellation before the issuance of a new certificate. Such new certificate shall bear a new number and the date of its issuance and shall otherwise comply with these regulations.

SEC. 5. Upon the written request of the last holder of a valid cotton class certificate and a showing to the satisfaction of the chairman of the board of cotton examiners which issued such certificate that it has been lost or destroyed, and, if lost, that diligent effort has been made to find it without success, a new certificate shall be issued without the reclassification of the cotton. Such new certificate shall bear the same number and date of issuance as the lost or destroyed certificate, and shall include a statement to the effect that it is a duplicate issued in lieu of a lost or destroyed original, as the case may be.

SEC. 6. Upon the written request of the owner of the cotton and the presentation to the board of cotton examiners of a copy issued by the Secretary of Agriculture of his findings in a dispute under section 5 of the Act as unamended, involving such cotton, cotton class certificates otherwise complying with these regulations shall be issued for any cotton covered by such findings, without the re-classification thereof. Such request shall be filed with the board of cotton examiners at the place where the cotton was located at the time such dispute arose, shall specify the cotton to be covered by the certificate, with the location thereof, and shall be in such form as the Chief of the Bureau of Markets shall require. Such certificate shall not be issued for cotton not stored under the supervision of the exchange inspection bureau at such place, except as provided in regulation 11. Each such certificate shall show that it is issued upon the basis of

findings of the Secretary of Agriculture in a dispute under section 5 of the Act as unamended, together with the number of the dispute and the date of the findings.

SEC. 7. For good cause any certificate issued under these regulations shall be surrendered to the chairman of the board of cotton examiners which issued it, upon his request or upon the request of the Chief of Bureau of Markets, and a new certificate complying with these regulations may be issued in substitution therefor. If such certificate be not surrendered upon such request it shall nevertheless be invalid for the purposes of section 5 of the Act as amended and these regulations.

SEC. 8. Each cotton class certificate for cotton classified as tenderable shall be valid for use in the tender of such cotton on a section 5 contract made at, on, or in the exchange specified in such certificate, as provided in the Act and these regulations, and in the rules of the said exchange not inconsistent therewith.

SEC. 9. Any cotton class certificate shall become invalid for use in the tender or delivery of the cotton covered thereby on a section 5 contract whenever such cotton shall be removed from the place of storage specified therein, except when it is handled and restored or transferred to a different place of storage under the supervision of the same exchange inspection bureau, or except as provided in regulation 11.

SEC. 10. No cotton submitted for classification under section 5 of the Act as amended shall be located or stored at a place disapproved for the purpose by the chairman of the board of cotton examiners or the Chief of the Bureau of Markets on account of being unsuitable for the safekeeping or proper storage of such cotton, or on account of the failure or refusal of the custodian thereof to comply or to permit compliance with the requirements of these regulations so far as he may be involved therein. Notice of such disapproval shall be given in such manner as the Chief of the Bureau of Markets may direct. Thereafter, every cotton class certificate, if any, previously

issued for cotton located or stored at such place shall be invalid for the delivery of such cotton on a section 5 contract, unless the cotton shall be removed under the supervision of the exchange inspection bureau, or a representative of the Department of Agriculture designated for the purpose by the chairman of the board of cotton examiners or the Chief of the Bureau of Markets, to a place which shall be suitable for the purpose. Upon such removal and the request of the holder of the cotton class certificate for such cotton, a new certificate in lieu thereof, as provided elsewhere in these regulations, shall be issued to him.

SEC. 11. The exchange inspection bureau, under the supervision or control of which any cotton classified pursuant to these regulations shall be held or stored, shall furnish to the board of cotton examiners which classified such cotton, on the first business day of each calendar week, a written statement of all cotton withdrawn from storage, or the lot number or other identification of which has been changed, or which has otherwise been removed from the supervision or control of such exchange inspection bureau, during the next preceding calendar week. Such statement shall show each lot number, and, if changed, the new lot number, and in case of the withdrawal or removal of a portion only of the lot the tag numbers of the bales so withdrawn or removed. If such removal shall be to a different place of storage under the supervision or control of the exchange inspection bureau, the statement shall show the new location.

SEC. 12. Subject to the provisions of regulation 8, no cotton shall be tendered or delivered upon a section 5 contract, unless on or prior to the date fixed for delivery under such contract, and in advance of final settlement of the contract, the person making the tender shall furnish to the person receiving the same a valid outstanding cotton class certificate, complying with these regulations, showing such cotton to be tenderable on a section 5 contract.

#### **Regulation 8. Delayed Certification.**

SECTION 1. If upon the date fixed for delivery in accordance with section 5 of the Act cotton class certifi-

cates shall not have been issued by a board of cotton examiners for cotton to be delivered pursuant to such notice, samples of which cotton shall have been in the custody of the board for the time hereinafter prescribed, the delivery of such cotton may be made upon compliance with and subject to the conditions specified in this regulation. This regulation shall not apply to cotton upon which a review is pending.

SEC. 2. On the date of giving the transferable notice of the delivery in accordance with section 5 of the Act the person issuing such notice shall also give written notice to the board or officer with whom the classification request was required to be filed, specifying the date of delivery and the number of bales so to be delivered which have not been certified. In such notice, or later in writing before the delivery of the samples to the board, he shall specify the lot numbers of the cotton so to be delivered.

SEC. 3. Such cotton must be duly inspected and sampled and samples thereof must be delivered to the board not later than the date of the issuance of the transferable notice, except when the delivery date fixed by such transferable notice is the last delivery day in the month of delivery. In such case the cotton must be duly inspected and sampled and the samples thereof must be delivered to the board not later than the close of the second business day preceding such last delivery day.

SEC. 4. If on the morning of the delivery day specified in the transferable notice the cotton class certificates covering the cotton involved are not ready for delivery when called for, the tenderer of the cotton shall present to the board of cotton examiners a written notice stating to the best of his knowledge and belief the true grade of each individual bale to be delivered, properly identifying each bale with its grade. If the foregoing requirements of this regulation shall have been complied with, the chairman of the board shall cause to be written or stamped on such notice a statement validating it for use in the tender only on such delivery day of the cotton covered thereby pending the issuance of cotton class cer-

tificates in accordance with these regulations. The tenderer shall on such delivery day deliver such notice to the receiver of the cotton, together with the warehouse receipts and such other papers as may be necessary to the delivery of the cotton on such day.

SEC. 5. The person making the tender shall deliver the cotton class certificates therefor to the receiver of the cotton before the close of business hours on the date of the issuance thereof, if delivered to such tenderer before eleven o'clock a. m. on that day. If the cotton class certificates be delivered to him after eleven o'clock a. m. on that day, the tenderer shall in turn deliver them to the receiver before eleven o'clock a. m. on the next following business day. There shall be no right of replacement of bales shown by such certificates to be untenderable.

#### Regulation 9. Postponed Classification.

SECTION 1. If the applicant desires the postponement of the classification of any cotton covered by a classification request filed pursuant to these regulations until later notice, the original classification request must so state, or the applicant must so advise the board in writing before the classification has been entered upon. Such request must show cause and that it is not made merely for dilatory reasons.

SEC. 2. If thereafter the classification of the cotton be desired, notice thereof must be filed not later than the expiration of one year after the date of the receipt of the samples of the cotton by the board, and the samples must have remained in its possession.

SEC. 3. Classification pursuant to such suspended request shall not be allowed to interfere with or delay the classification of other samples previously made ready for classification or which are otherwise entitled to priority.

SEC. 4. If the period of one year hereinbefore specified shall expire without the filing of the notice of desire for classification the applicant shall be deemed to have withdrawn the original request for the classification of such cotton.

### Regulation 10. Reviews.

SECTION 1. One review only of the classification of any lot of cotton may be obtained as provided in this regulation.

SEC. 2. The person for whom the classification of any lot of cotton shall have been performed under these regulations may have a review of the classification of such lot by filing written application therefor before the delivery of such cotton on a section 5 contract and not later than the expiration of the third business day following the date of the issuance of the cotton class certificate for the cotton involved.

SEC. 3. In case no review shall have been previously granted under this regulation for the cotton involved a receiver thereof upon a section 5 contract may have a review of the classification of the cotton involved as shown by a valid cotton class certificate by filing a written application not later than the expiration of the fifth business day following the date of the delivery of such certificate to him in accordance with these regulations.

SEC. 4. The written application for a review shall be filed with the board which issued the cotton class certificate covering the cotton involved. Before a review shall be granted the cotton class certificate or certificates covering the cotton involved shall be surrendered to the board.

SEC. 5. Any application for review may be dismissed whenever it shall be found by the chairman of the board or the Chief of the Bureau of Markets that it was filed without good cause or for dilatory purposes.

SEC. 6. The classification of every bale of cotton included in a lot covered by such application shall be reviewed.

SEC. 7. Unless the use of new samples shall be necessary in the judgment of the chairman of the board a review pursuant to this regulation shall be made on the

basis of all the samples of the cotton involved in the possession of the board.

SEC. 8. The classification of any bale shown by the original cotton class certificate shall be changed only when it shall appear upon the review that such classification was clearly erroneous.

SEC. 9. If the classification of all the cotton as shown by the cotton class certificate be found to be correct, there shall be placed upon the certificate a notation, which shall be signed by the chairman of the board and dated, to the effect that the classification of the cotton covered by such certificate has been reviewed and determined to be as stated in such certificate. Thereupon the certificate shall be returned to the person who requested the review.

SEC. 10. If the classification of any bale of cotton as shown by the cotton class certificate shall be changed, such certificate shall be canceled and there shall be issued in lieu thereof a new certificate showing the classification of each bale as determined upon such review. There shall be incorporated in such certificate a statement to the effect that the classification of the cotton covered thereby has been reviewed and determined to be as stated in such certificate. Such certificate shall bear a new number and the date of its issuance and shall be delivered to the person who requested the review.

SEC. 11. If the determination of a review granted to a receiver of cotton tendered upon a section 5 contract shows cotton previously classed as tenderable to be actually untenderable, the tenderer shall replace the cotton so found to be untenderable. Such replacement shall be made not later than the expiration of the fifth business day following the date of the issuance of the review certificate, by delivering to the receiver other cotton shown to be tenderable by cotton class certificates complying with these regulations which certificates he shall deliver to the receiver.

## Regulation 11. Supervision of Transfers of Cotton.

SECTION 1. Whenever the owner of any cotton inspected and sampled for classification pursuant to these regulations, or for which he holds valid cotton class certificates, desires to transfer such cotton to a different place for the purpose of having it made available for delivery upon a section 5 contract at the place to which it is to be removed, the procedure shall be as outlined in this regulation. Conformity to this procedure shall not be necessary in the case of the transfer of cotton between different warehouses at the same place when such transfer is effected under the supervision of the exchange inspection bureau at such place. In such case the exchange inspection bureau shall report the facts to the board of cotton examiners, in accordance with section 11 of regulation 7.

SEC. 2. The person who made the request for the classification or the holder of the cotton class certificate therefor shall file with the board of cotton examiners with which the classification request was filed or which issued the certificate a written request for the supervision of such transfer. Such request shall be in such form as the Chief of the Bureau of Markets shall prescribe. It shall properly identify the cotton and state the respective locations from and to which the cotton is to be transferred. If the cotton class certificate for such cotton has previously been issued by the board the holder thereof shall surrender such certificate to the board before such transfer shall take place.

SEC. 3. As soon as practicable after the filing of such request a supervisor of cotton inspection or a cotton examiner shall examine each bale of cotton covered by the transfer request, and shall attach to it a metal tag or seal provided for the purpose by the Bureau of Markets.

SEC. 4. Thereupon there shall be issued to the person requesting the same a transfer certificate in form prescribed for the purpose by the Chief of the Bureau of Markets, properly identifying the cotton according to

such metal tags or seals, and the other means of identification in the possession of the board, showing the respective locations from which and to which the cotton is to be transferred.

SEC. 5. When the cotton shall have been delivered for storage at the place of its destination the transfer certificate shall be surrendered to the chairman of the board at such place or to such other official as the Chief of the Bureau of Markets shall designate for the purpose. Thereupon a supervisor of cotton inspection or a cotton examiner shall examine each bale of cotton covered by such transfer certificate. If he finds that the identity of the cotton has been properly preserved there shall be issued to the person requesting the same a cotton class certificate or certificates, complying with these regulations, valid for use at such destination, without the reclassification of the cotton.

SEC. 6. Supervision of transfers in accordance with this regulation shall not be granted, nor shall any certificate be issued, with respect to any bale which is found to be in such condition that its classification is different from that shown by the cotton class certificate, unless such bale shall be reinspected and, if necessary, reclassified in accordance with these regulations.

### Regulation 12. Costs of Classification and Certification.

SECTION 1. For the classification and certification of cotton pursuant to these regulations, except as otherwise hereinafter provided, whether such cotton be tenderable or not, the person requesting the classification shall pay a fee of thirty cents per bale.

SEC. 2. For each new certificate issued in substitution for a prior certificate at the request of the holder thereof, on account of the breaking or splitting of a lot of cotton covered thereby or otherwise for his business convenience, without the reclassification of the cotton involved, the person requesting such substitution shall pay a fee of fifteen cents when the number of bales covered by the

new certificate is ten or less, or a fee of twenty-five cents when the number of bales covered by such certificate is more than ten.

SEC. 3. for each certificate issued on the basis of findings of the Secretary of Agriculture under section 5 of the Act as unamended, without the reclassification of the cotton involved, the person requesting such certificate shall pay a fee of fifteen cents when the number of bales covered by the certificate is ten or less, or of twenty-five cents when the number of bales covered by such certificate is more than ten.

SEC. 4. For the review of the classification of any cotton the applicant shall pay a fee of thirty-five cents per bale with a minimum of \$3.50 for each lot so reviewed, except that if the classification of more than ten per centum of the bales in any lot be changed no fee shall be collected for the review of such lot.

SEC. 5. No fee shall be collected for a new certificate issued in lieu of a prior certificate solely for the purpose of correcting clerical errors therein or for the purpose of substituting a new form applicable to outstanding certificates, or without an application therefor.

SEC. 6. For the supervision of the transfer of cotton in accordance with regulation 11, including such new certificates incidental thereto as may be necessary for the delivery of such cotton upon a section 5 contract without its reclassification, the applicant for such transfer supervision shall pay a fee of twenty cents per bale.

SEC. 7. When the request for the classification of any cotton shall be withdrawn after the delivery of the samples thereof to the board, but before the classification of such cotton pursuant to such request, the person making the request for the classification shall pay a fee of three cents per bale. This fee shall not apply when the fee of thirty cents per bale prescribed by section 1 of this regulation is required.

SEC. 8. Samples not removed in accordance with these regulations and loose cotton separated from the samples in the handling and classification thereof by a board shall become the property of the Department of Agriculture. Such cotton shall be disposed of in the manner prescribed for other property by the property regulations of the Department of Agriculture but the proceeds thereof shall be deemed to be part of the costs of classification pursuant to these regulations. Such proceeds shall be deposited with other moneys received in payment of costs to the credit of the revolving funds provided by the seventh subdivision of section 5 of the Act as amended.

SEC. 9. When the inspection and sampling or the supervision of the transfer of any cotton shall be performed at a place other than that where a board of cotton examiners or supervisor of cotton inspection is regularly located, the person making the request for the classification or the supervision of the transfer of the cotton shall pay, in addition to the costs hereinbefore prescribed, the necessary traveling expenses and subsistence, or per diem in lieu of subsistence, incurred on account of such request, in accordance with the fiscal regulations of the Department of Agriculture, by the persons employed by the Department of Agriculture to supervise such inspection and sampling or transfer.

SEC. 10. The expense of inspection and sampling, the preparation of the samples, and the delivery of such samples to the classification room of the board of cotton examiners, or other place designated for the purpose by the Chief of the Bureau of Markets or by the chairman of such board, shall be borne by the party requesting the classification of the cotton involved.

SEC. 11. The chairman of the board which rendered the services, or the Chief of the Bureau of Markets, shall deliver bills to all persons from whom payment for fees or expenses on account of such services shall be due. Such bills shall be rendered as soon as practicable after the fifteenth and the last day of each month for amounts due and unpaid on such date. When necessary in the discre-

tion of the chairman of the board of the Chief of the Bureau of Markets, any bill may be rendered at an earlier date for any fees then due by the person to whom such bill shall be rendered. Payment of any such bill shall be made as soon as possible after the rendition thereof, but in any event not later than the expiration of two calendar weeks thereafter.

SEC. 12. If requested by the chairman of the board of cotton examiners with which the classification request is required to be filed or by the Chief of the Bureau of Markets, the person from whom any payment under this regulation may become due shall make an advance deposit to cover such payment in such amount as may be necessary in the judgment of the official requesting the same.

SEC. 13. Any payment or advance deposit under this regulation shall be by check, certified if required by the official rendering the bill, or by draft or post office or express money order, payable to the order of "Disbursing Clerk, Department of Agriculture," and shall not be made in cash.



